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Message Text

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PAGE 01 STATE 137658

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C O N F I D E N T I A L STATE 137658

EXDIS FOR UNDERSECRETARY ROBINSON

FOLLOWING REPEAT CAIRO 05796 ACTION SECSTATE DTD 11 JUN

QTE

C O N F I D E N T I A L CAIRO 5796

EXDIS

E.O. 11652: GDS
TAGS: EAID USEGJC
SUBJECT: COORDINATED PRESENTATION OF EGYPT'S
FINANCIAL ASSISTANCE REQUIREMENTS

REF: STATE 133630

1. AMBASSADOR WITH DCM AND AID REP MET TODAY WITH MINFINANCE ABU ISMAIL TO PRESENT TEXT OF LETTER PROPOSED PARAGRAPH 6 OF REFTEL. AFTER STRESSING ESSENTIALITY USG AND GOE APPROACHING PROSPECTIVE DONORS WITH CONSISTENT STATEMENTS RE NATURE OF EGYPT'S BOP PROBLEM AND REALISTIC REQUIREMENTS FOR ADDITIONAL AID, AMBASSADOR INDICATED WE HAVE BEEN THINKING OF A COORDINATED STATEMENT AND GAVE ABU
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PAGE 02 STATE 137658

ISMAIL DRAFT CITED PARA 6 REFTEL. AMBASSADOR

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

MENTIONED UNDERSEC'S UPCOMING TRIP TO EUROPE TO
DISCUSS, AMONG OTHER THINGS, AID FOR AGYPT AND THAT
IT WOULD BE HELPFUL HAVE SUCH A STATEMENT FOR THE
UNDERSEC'S USE AND FOR DIRECT GOE TALKS WITH PROSPECTIVE
DONORS. WHILE A WRITTEN STATEMENT BEST, WE NEED AT
VERY MINIMUM A FIRM UNDERSTANDING ON POSITION OUR TWO
GOVERNMENTS WILL COMMUNICATE TO PROSPECTIVE DONORS.

2. AFTER REAFING PROPOSED LETTER, MINFIN STATED THAT
OUR FIGURES ON MAGNITUDE OF EGYPT'S FINANCIAL PROBLEM
DIFFER FROM THOSE REACHED BY GOE. AMBASSADOR IN-
DICATED THAT FIGURES IN STATEMENT HAD BEEN DEVELOPED
WITH MINISTER'S STAFF AND ASSOCIATES DURING UNDER
SECRETARY ROBINSON'S VISITS AND THAT REPORTED USE OF
DIFFERENT FIGURES BY EGYPTIAN OFFICIALS WAS ONE REASON
FOR PROPOSING STATEMENT THAT WOULD PROVIDE BASIS FOR
CONSISTENT APPROACH BY ALL CONCERNED. ABU ISMAIL
AGREED IN PRINCIPLE THAT STATEMENT ALONG LINES OF
OURS MIGHT BE USEFUL, BUT INSISTED THAT FIGURES
MUST BA REVISED, CITING AS EXAMPLE NEED TO REFINANCE
OUTSTANDING SHORT TERM CREDITS ON BETTER TERMS
IN ORDER ESCAPE CURRENT TWENTY PERCENT INTEREST CHARGES.
IF GOE IS TO ISSUE STATEMENT, ABU ISMAIL POINTED OUT,
IT SHOULD CONTAIN FIGURES REFLECTING EGYPT'S PERCEPTION
OF THE PROBLEM. HE WONDERED IF ANY FIGURES NEED BE
INCLUJED AT ALL, BUT ACCEPTED ARGUMENT THEY ARE
MACESSARY. HE RECALLED HE HAD MENTIONED FIGURES
DURING UNDERSECRETARY'S PREVIOUS VISITS AND EXPRESSED
REGRET US TEAM HAD NOT ACCEPTED THEM AND HAD
INSTAAD COME UP WITH ITS OWN. THESE, AS HE HAD
TRIED TO POINT OUT, ARE NOT CONSISTENT WITH
GOE'S PERCEPTION OF THE NATURE AND MAGNITUDE OF
THE PROBLEM.

3. AMBASSADOR SUGGESTED MINFIN REVIEW STATEMENT AND
MODIFY AS NECESSARY, EXPRESSING HOPE THAT THIS COULD
BE DONE QUICKLY SO THAT UNDERSECRETARY ROBINSON
COULD HAVE FINAL VERSION PRIOR TO HIS VISIT TO
SAUDI ARABIA. ISMAIL PROMISED TO PROCEED AS RAPIDLY
AS POSSIBLE, BUT CLAIMED THAT HE WOULD NOT HAVE
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PAGE 03 STATE 137658

TIME TO FOCUS ON STATEMENT UNTIL TOMORROW (JUNE 12)
AFTERNOON. HE MIGHT BE ABLE LET ME HAVE AMENDED
STATEMENT FRIDAY OR SATURDAY.

4. WHILE ISMAIL SEEMED TO UNDERSTAND NEED FOR, AND
URGENCY OF, A CONCERTED POSITION, WE FEEL CERTAIN
THAT HE WILL WANT TO CONSULT WITH HIS STAFF, PRIMIN
AND MINISTERIAL COLLEAGUES BEFORE AGREEING TO

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ISSUANCE OF OFFICIAL STATEMENT SETTING FORTH
EGYPT'S PROBLEMS AND REPUIREMENTS.

5. DISCUSSION THEN MOVED TO THE CLARIFICATION OF
FISCAL AND CALENDAR YEAR FUNDING FIGURES AS SET FORTH
PARA 1 REFTEL. SINCE OUR BREAKDOWN WAS OBVIOUSLY
CONFUSING TO ABU ISMAIL, AMBASSADOR GAVE HIM AIDE
MEMOIRE DETAILING FACTS. WE THEN SPENT SOME TIME
GIVING ABU ISMAIL GRAPHIC PRESENTATION OF RELATION-
SHIP BETWEEN FISCAL AND CALENDAR YEAR FUNDING AS WELL
AS MAKE-UP OF $250 MILLION PROPOSED AS ADDITIONAL
BALANCE OF PAYMENTS SUPPORT FOR BALANCE OF CY 1975.
WE ALSO REMIND ABU ISMAIL THAT ALL FY 76 AID FIGURES
ARE HIGHLY CONFIDENTIAL UNTIL CONGRESSIONAL CONSULTA-
TIONS HAD BEEN COMPLETED, FINAL FY 1976 FIGURE AGREED
UPON, AND ACTUAL PRESENTATION MADE TO CONGRESS. ABU
ISMAIL PROMISEF TO REMIND HIS COLLEAGUES THAT ALL
FY 76 FIGURES MUST BE KEPT STRICTLY CONFIDENTIAL.
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